



Date: November 12, 2008

To: City Manager for Council Action

From: John C. Roukema, Director of Electric Utility

Subject: Approval of Bid Award of Public Works Contract 2375B for the Construction of the Palm Substation 60kV Transmission Line Extension to Henkels & McCoy and Authorization to the City Manager to Execute the Contract, Approve Change Orders up to 15% of the Total Contract Amount and Transfer Funds from the Cost Reduction Fund to the Project Budget.

EXECUTIVE SUMMARY:

On February 20, 2007, Council approved a Special Facilities Agreement between the City and Sun Microsystems. Under the terms of the Agreement, Silicon Valley Power (SVP) is obligated to construct Palm Substation to provide service to Sun Microsystems. On January 20, 2008, Council approved Call No. 08-1 with Electric Consultants, Inc. for the Engineering and Design of the 60kV Transmission Line to Palm Substation. On August 12, 2008, Council approved the Plans and Specifications for Public Works Contract 2375B, for the construction of Palm Substation 60kV Transmission Line extension; authorized the City Manager to make minor modifications to the Project Manual, as necessary; and directed the City Manager to solicit bids for the Project.

The work was submitted for public bid through the Public Works Bidding process with Henkels and McCoy being the only qualified bidder to submit a bid. The contract bid, \$5,237,868.30 is approximately 50% higher than the City's preliminary Engineering Estimate of \$3,500,000. The proposed contract amount is comparable to the cost for other work recently completed by another contractor on City transmission facilities. The higher cost is driven by several factors including the current market conditions and demand for transmission line construction resources, the necessity to work extended days and work weeks to complete the work in the timeframe required, and the high cost for specialized construction equipment. In addition to the \$1.8 million contract cost increase for 60kV Transmission Line extension, staff has determined that other costs to complete the substation project will also be higher, for a total additional appropriation needed of \$6 million. The additional funding will cover the cost increases for transmission line construction (approximately \$1.8 million); Transmission Materials (approximately \$700,000); Substation Equipment (approximately \$3.0 million); and Distribution Lines (approximately \$500,000).

Staff requests that the City Manager be authorized to execute the 60kV Transmission Line Extension contract and to approve change orders to the contract for necessary changes up to 15% of the total contract price. Change orders may be necessary due to the unknown soil conditions associated with the steel transmission pole foundations and variations in material quantities between the amounts included in the bid and actually required for field construction (increases or decreases).

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Awarding the Public Works Contract 2375B for the construction of the Palm Substation 60kV Transmission Line extension will enable the City to energize Palm Substation, which is currently under construction. After completion and commission testing of all work, the City will be able to satisfy the terms of the Special Facilities Agreement with Sun Microsystems. There are no disadvantages to this issue

ECONOMIC/FISCAL IMPACT:

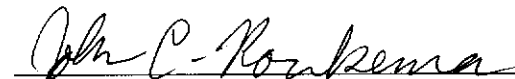
The total cost of the proposed contract is \$5,237,868.30 and with change orders up to 15% of the contract (\$785,680.24), the total cost of the 60kv Transmission Line extension will not exceed \$6,023,548.55. Funds are available in the Palm Substation project (591-13XX- 80300-2375).

However, additional funding in the amount of \$6,000,000 is required to complete the overall Palm Substation project (Substation, 60kv Transmission Line extension and distribution circuit work). It is recommended that this additional funding be appropriated to the Project (591-13XX- 80300-2375) from the Electric Cost Reduction Utility (091-12058).

RECOMMENDATION:


That Council:


- 1) Appropriate and transfer \$6,000,000.00 from the Electric Cost Reduction Utility (091-12058) to the Palm Substation Project (591-13XX-80300-2375);
- 2) Award the Public Works Contract 2375B to Henkels & McCoy in the amount of \$5,237,868.30 and authorize the City Manager to execute the contract;
- 3) Authorize the City Manager to approve any change orders associated with the contract up to 15% of the total contract amount.


John C. Roukema
Director of Electric Utility

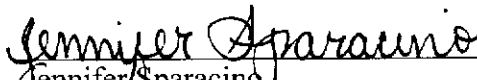
Certified as to Availability of Funds:

591-13xx-80300-2375	\$6,023,548.55
091-12058	\$6,000,000.00




Mary Ann Parrot
Director of Finance

APPROVED:


Jennifer Sparacino
City Manager

THE COUNCIL VOTES

Documents Related to this Report:

- 1) Document 00510 – Notice of Award

DOCUMENT 00510

NOTICE OF AWARD

_____, 2008

DELIVERY VIA: Certified Mail

BIDDER'S NAME: Henkels & McCoy

BIDDER'S ADDRESS: 7170 N. Financial Dr., Fresno, CA 93720

ATTENTION: George E. Stockton

CONTRACT REFERENCE: City of Santa Clara Contract No. 2375B

PROJECT REFERENCE: PALM SUBSTATION 60Kv EXTENSION PROJECT

Congratulations, the intent of this letter is to inform you that the bid you submitted to the City of Santa Clara on October 6th, 2008 for the above referenced public works contract ("Contract"), has been received and reviewed by City staff. Your firm has been determined to be the lowest responsible and responsive bidder. Based on your bid and City staff recommendation, the Santa Clara City Council has awarded the Contract to your firm for the construction of the PALM SUBSTATION 60Kv EXTENSION project (the "Project"). The Contract Price for this Contract is Five million, two hundred thirty-seven thousand, eight hundred and sixty eight dollars and thirty cents (\$5,237,868.30).

1. However, before the City can execute this Contract and issue a Notice to Proceed to you to begin work on the Project, you must deliver the following documents to the Office of the City Clerk at 1500 Warburton Avenue, Santa Clara, CA 95050, within the next fifteen (15) days (on or before 5:00 p.m. on December 3rd, 2008):
2. Two (2) complete originals of Contract **Document 00520 - Agreement**. Each copy must have original signature(s) of authorized representatives of your firm on the signature page.
3. One (1) complete original of Contract **Document 00610 - Construction Performance Bond**, which confirms that the required bond has been purchased in an amount equal to the Contract price. The bond must be fully executed by authorized representatives of your firm and your surety. The signature of the surety must be notarized and the notary form must be attached to Document 00610.
4. One (1) complete original of Contract **Document 00620 - Construction Labor and Materials Payment Bond**, which confirms that the required bond has been purchased in an amount equal to the Contract price. The bond must be fully executed by authorized representatives of your firm and your surety. The signature of the surety must be notarized and the notary form must be attached to Document 00620.
5. One (1) completed original of Contract **Document 00630 - Guaranty**, with original signature(s) of authorized representatives of your firm on the signature page.

6. Deliver to the City the documentary evidence received or generated by you in preparation of the bid prices for this Contract for purposes of escrowing such documents as set forth in **Document 00670 – Escrow Bid Documents**.
7. In addition to delivering the above referenced documents directly to the City Clerk, you must also deliver the following documents, as set forth in Contract **Document 00822 - Insurance Requirements**, directly to the City's insurance compliance contractor, **Insurance Data Services**:
 - a. All of the Certificate(s) of Insurance showing proof that all of the required insurance policies have been purchased and are currently in effect;
 - b. All of the required insurance policy endorsements; and
 - c. Written confirmation that the insurance companies which have issued your insurance policies meet or exceed the required AM Best rating of "A-VI".

Please forward all insurance compliance information to:

City of Santa Clara, C/O Insurance Data Services - Insurance Compliance	
P.O. 12010-S2	(or for courier delivery):
Hemet, CA 92546-8010	151 North Lyon Avenue
Telephone: (909)766-2280	Hemet, CA 92543
Fax: (909)766-2299	

IMPORTANT NOTE REGARDING YOUR INSURANCE COMPLIANCE DOCUMENTS:

Please do not send the required insurance compliance documents directly to the City offices. Doing so will only delay the necessary review and the issuance of the Notice to Proceed.

IMPORTANT: Please note that failure to comply with any of the above referenced conditions within the time period specified above will entitle City, at its sole discretion, to: 1) consider your Bid abandoned; 2) annul this Notice of Award; and/or 3) declare your Bid security forfeited. Even if the City does not choose to exercise any of these options, any delay in providing said documentation beyond the deadline indicated above will not extend the Contract Time allowed for performing the Work as set forth in the Contract Documents. Any time delay caused by failure to comply with the required documentation set forth in this Notice of Award will be subtracted from the time allowed to perform the Work as specified in Document 00520, of the Contract Documents.

After a Notice to Proceed has been issued and upon commencement of the Work under this Contract, your firm, and each of your subcontractors, must certify and make available for inspection, payroll records on forms provided by the Division of Labor Standards Enforcement, in accordance with Section 1776 of the California Labor Code.

After you have complied with the conditions of this **Document 00510 – Notice of Award**, the City will execute the agreement return one fully signed copy of **Contract Document 00520 - Agreement** to you for your records.

Once again, congratulations on being awarded this Contract. We look forward to working with your firm on this Project. If you have any questions regarding this Notice of Award, please contact Kevin Keating, in the City Electric Department at (408) 261-5459.

Sincerely,

ROD DIRIDON, JR.,
City Clerk
City of Santa Clara, California,
a chartered California municipal corporation

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CITY OF SANTA CLARA
AGENDA MATERIAL ROUTE SHEET

Council Date: November 18, 2008

SUBJECT: Approval of Bid Award for Public Works Contract 2375B for Construction of the Palm Substation 60kV Transmission Line Extension to Henkels & McCoy; Authorization for City Manager to Execute the Contract and Approve Change Orders; Authorization to Transfer funds to the Capital Improvement Project Account

CERTIFICATION

The proposed Approval of Bid Award to Henkels & McCoy

Regarding: Public Works Contract 2375B – Construction of Palm Substation 60kV Transmission Line Extension

has been reviewed and is hereby certified.

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published ____ time(s) at least ____ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 2008.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:

Title _____ U.S.C. § _____
(Titles run 1 through 50)

California Codes:

Code _____ § _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:

Title _____ C.F.R. § _____
(Titles run 1 through 50)

California Regulations:

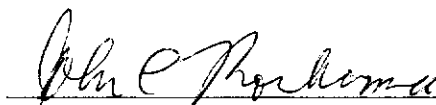
Title _____ California Code of Regulations § _____
(Titles run 1 through 28)

City


City Charter § _____ (i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)

City Code § _____

1. As to City Functions, by
2. As to Legality, by
3. As to Environmental Impact Requirements, by
4. As to Substance, by



Department Head

 HL

City Attorney's Office/CAO Assignment No. 08.1556

Director of Planning and Inspection



City Manager

Revision Date: June 7, 2005